

FRED UPTON, MICHIGAN  
CHAIRMAN

HENRY A. WAXMAN, CALIFORNIA  
RANKING MEMBER

ONE HUNDRED THIRTEENTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON ENERGY AND COMMERCE  
2125 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6115

Majority (202) 225-2927  
Minority (202) 225-3641

June 18, 2014

The Honorable Fred Upton  
Chairman  
Committee on Energy and Commerce  
2125 Rayburn House Office Building  
Washington D.C. 20515

Dear Chairman Upton,

I write to call your attention to a report released today by the Department of Health and Human Services demonstrating the significant savings millions of Americans are enjoying through the new Health Insurance Marketplaces. The report finds that among individuals selecting plans with tax credits, nearly 7 in 10 are paying \$100 or less per month and nearly half are paying \$50 or less per month. The report also provides strong evidence that the significant new competition in the marketplaces in 2015 could help make premiums even more affordable.

This new report contradicts an analysis you released a year ago, which asserted that premiums under the Affordable Care Act would rise by as much as 400%.<sup>1</sup> You claimed that your report “definitively contradict[s] the promise that the law will lower costs.”<sup>2</sup> As I pointed out at the time, your analysis had serious methodological flaws, including your failure to examine any of the actual premiums for plans sold in the marketplaces and to factor in the tax credits available to the vast majority of consumers. Now we have authoritative data that proves your predictions of dramatic premium increases were incorrect.<sup>3</sup>

The HHS report examines over 19,000 plans in the federally facilitated marketplace, sold in more than 500 rating areas across the country, and presents data on the actual premiums paid

---

<sup>1</sup> House Committee on Energy and Commerce, Majority Staff, *Obamacare Oversight: the Looming Premium Rate Shock*, 113th Cong. (May 13, 2013) (online at: <http://energycommerce.house.gov/sites/republicans.energycommerce.house.gov/files/analysis/insurancepremiums/FinalReport.pdf>)

<sup>2</sup> *Id.*

<sup>3</sup> House Committee on Energy and Commerce, Democratic Staff, *Investigation on the Impact on Cost of Coverage of the Affordable Care Act* (May 13, 2013) (online at: <http://democrats.energycommerce.house.gov/sites/default/files/documents/Memo-ACA-Cost-of-Coverage-2013-5-13.pdf>)

by individuals signing up for coverage.<sup>4</sup> The report proves conclusively that premiums in the new health insurance marketplaces are not only very affordable, but are often significantly less expensive than what was available in the individual market before reform, while offering superior coverage.

In total, 5.4 million people have signed up for health coverage through the federal marketplace. An additional 2.6 million signed up for coverage through marketplaces run by the states.<sup>5</sup> Among those signing up through the federal marketplace, nearly 90% received tax credits to help them afford coverage. These tax credits cut premiums by more than 75%. As a result, nearly 7 in 10 enrollees are paying \$100 or less per month and nearly half are paying \$50 or less per month. The average premium after tax credits is \$82 per month and the average for those selecting Silver plans – the most popular plan type – is \$69 per month.<sup>6</sup>

In several instances, your 2013 staff report cited premiums of between \$158 and \$179 per month as representative of premiums available on the private market before the ACA exchanges opened for business.<sup>7</sup> Given that these premiums reflect an insurance market where individuals with pre-existing conditions could be systematically excluded from coverage and where plans would not always cover key benefits like prescription drugs or maternity care, these premiums are likely significantly understated. However, even if we take your misleading data at face value, the HHS report makes clear that because of the ACA, consumers are now paying significantly less for significantly better coverage.

The report also finds that the number of insurers offering coverage in an area is associated with lower priced coverage. This is particularly notable because of the dramatic increase in competition many state marketplaces are reporting in 2015. Every state releasing details on their 2015 marketplaces has indicated a significant increase in competition. For instance, Michigan's marketplace will grow from 13 issuers to 18 issuers, the number of issuers in Indiana's marketplace will double, New Hampshire's marketplace will grow from one issuer to four, and new competitors are expected to enter Illinois, Ohio, Kentucky, Washington,

---

<sup>4</sup> U.S. Department Of Health And Human Services, Assistant Secretary For Planning And Evaluation, Premium Affordability, Competition, And Choice In The Health Insurance Marketplace, 2014 (Jun. 13, 2014) (Online At: [Http://Aspe.Hhs.Gov/Health/Reports/2014/Premiums/2014mktplaceprembf.Pdf](http://Aspe.Hhs.Gov/Health/Reports/2014/Premiums/2014mktplaceprembf.Pdf))

<sup>5</sup> Department of Health and Human Services, Health Insurance Marketplace: Summary Enrollment Report for the Initial Annual Open Enrollment Period (May 1, 2014) (online at [aspe.hhs.gov/health/reports/2014/MarketPlaceEnrollment/Apr2014/ib\\_2014Apr\\_enrollment.pdf](http://aspe.hhs.gov/health/reports/2014/MarketPlaceEnrollment/Apr2014/ib_2014Apr_enrollment.pdf)).

<sup>6</sup> U.S. Department Of Health And Human Services, Assistant Secretary For Planning And Evaluation, Premium Affordability, Competition, And Choice In The Health Insurance Marketplace, 2014 (Jun. 13, 2014) (online at: [Http://Aspe.Hhs.Gov/Health/Reports/2014/Premiums/2014mktplaceprembf.Pdf](http://Aspe.Hhs.Gov/Health/Reports/2014/Premiums/2014mktplaceprembf.Pdf))

<sup>7</sup> House Committee on Energy and Commerce, Majority Staff, Obamacare Oversight: the Looming Premium Rate Shock, 113th Cong. (May 13, 2013) (online at: <http://energycommerce.house.gov/sites/republicans.energycommerce.house.gov/files/analysis/insurancepremiums/FinalReport.pdf>)

The Honorable Fred Upton  
June 18, 2014  
Page 3

Montana, Georgia, and Virginia.<sup>8</sup> The HHS report suggests that these new entrants will help drive down premiums, keeping prices affordable in the years to come.

Today's report thoroughly discredits one of your main attacks on the Affordable Care Act. I hope it will lead you to reconsider your approach to the law.

Sincerely,



Henry A. Waxman  
Ranking Member

---

<sup>8</sup> *In Every State So Far, More Insurers Are Asking to Participate in Obamacare*, Advisory Board Daily Briefing Blog (Jun. 12, 2014) (online at: <http://www.advisory.com/daily-briefing/blog/2014/06/insurers-jumping-in-year-2>); *Most Obamacare Premiums in 2015 Aren't as High as Claimed, Review of Ohio Filings Shows*, Cleveland Plain Dealer (May 30, 2014) (online at: [http://www.cleveland.com/open/index.ssf/2014/05/most\\_obamacare\\_premiums\\_for\\_20.html](http://www.cleveland.com/open/index.ssf/2014/05/most_obamacare_premiums_for_20.html)) and Testimony of Monica Lindeen, Montana Commissioner of Securities and Insurance, Committee on Energy and Commerce, Hearing on: The President's Health Care Law Does Not Equal Access (Jun. 13, 2014).